

**STATEMENT OF PROCEEDINGS FOR THE  
REGULAR MEETING OF THE  
CITY OF MONTEBELLO OVERSIGHT BOARD**

**CITY OF MONTEBELLO  
CITY COUNCIL CHAMBERS  
1600 WEST BEVERLY BOULEVARD  
MONTEBELLO, CALIFORNIA 90640**

**Wednesday, June 6, 2012**

**8:15 AM**

AUDIO LINK FOR THE ENTIRE MEETING. (12-2684)

**Attachments:** [AUDIO](#)

**I. CALL TO ORDER**

**Vice Chair Bruckner called the meeting to order at 8:25 a.m.**

**II. ROLL CALL**

**Present:** Chair Richard Bruckner, Vice Chair Ernesto Hidalgo, Board Members: Edgar Cisneros, Yolanda Duarte, Cheryl A. Plotkin

**Absent:** Board Member Richard Powers

**Vacant:** Chancellor of California Appointee

**III. ADMINISTRATIVE MATTERS**

1. Self introduction of newly appointed Oversight Board members. (12-2539)

**Board Member Yolanda Duarte introduced herself to the Board.**

2. Election of Chair and/or Vice Chair for the Oversight Board. (12-2540)

**Vice Chair Bruckner opened the floor for nominations of Chair.**

**Board Member Plotkin nominated Vice Chair Bruckner for Chair.**

**On motion of Board Member Plotkin, seconded by Board Member Hidalgo, the Oversight Board appointed Vice Chair Bruckner to serve as Chair.**

**Ayes:** 5 - Chair Bruckner, Board Member Cisneros, Board Member Duarte, Board Member Plotkin and Vice Chair Hidalgo

**Absent:** 1 – Board Member Richard Powers

**Vacant:** 1 - Chancellor of California Appointee

**Chair Bruckner opened the floor for nominations for Vice Chair.**

**Board Member Cisneros nominated Board Member Hidalgo for Vice Chair.**

**On motion of Board Member Cisneros, seconded by Board Member Plotkin, the Oversight Board appointed Board Member Hidalgo to serve as Vice Chair.**

**Ayes:** 5 - Chair Bruckner, Board Member Cisneros, Board Member Duarte, Board Member Plotkin and Vice Chair Hidalgo

**Absent:** 1 – Board Member Powers

**Vacant:** 1 - Chancellor of California Appointee

3. Recommendation: Approve the Minutes for May 2, 2012. (12-2486)

**Chair Bruckner opened this item for discussion, by asking if the Board had an opportunity to review the minutes for the May 2, 2012 meeting.**

**Vice Chair Hidalgo requested an amendment to the Minutes for Agenda Item No. 3 (Advances made by the City on behalf of RDA for MHRP, MERP and SMRP) where it read, “Member Hidalgo stated that the Law provides additional criteria for enforceability that this obligation meets”, and asked that the sentence be amended to reflect the following: “Member Hidalgo stated highlighted that the Law provides additional criteria for enforceability that this obligation meets.” Vice Chair Hidalgo added that he was not stating his opinion and was pointing out the law, according to page 43 of the training manual provided by the Los Angeles County Chief Executive Office.**

The manual reads that “the agreement must have been entered into when the debt obligation was issued and the agreement must be for the sole purpose of securing, or repaying indebtedness obligations written prior to December 31, 2010.” Vice Chair Hidalgo further supported his statement by referencing the Department of Finance (DOF) website (<http://www.dof.ca.gov/>) "Frequently Asked Recognized Obligation Payment Schedule (ROPS) Questions."

Chair Bruckner indicated that the May 2, 2012 Minutes are a record of what actually occurred. Vice Chair Hidalgo's clarification will be amended in the May 2, 2012 Minutes; however, the recitation of the law will be reflected in the record and Minutes for today's meeting. Amending the previous Minutes to include the recitation of the law may be an inaccurate account of the May 2, 2012 meeting.

On motion of Vice Chair Hidalgo, seconded by Board Member Plotkin, the May 2, 2012 meeting Minutes were approved as amended to reflect the following:

“Member Hidalgo ~~stated~~ highlighted that the Law provides additional criteria for enforceability that this obligation meets.”

**Ayes:** 5 - Chair Bruckner, Board Member Cisneros, Board Member Duarte, Board Member Plotkin and Vice Chair Hidalgo

**Absent:** 1 – Board Member Powers

**Vacant:** 1 - Chancellor of California Appointee

**Attachments:** [Supporting Document](#)

4. Recommendation: Reschedule the regular meeting of Wednesday, July 4, 2012 to a Special Meeting date determined by the Oversight Board at 8:15 a.m. at the City's Council Chambers. (12-2536)

**Chair Bruckner requested that this Agenda Item be tabled for discussion of Agenda Item No. 5 - Retaining Legal Counsel, due to a pending lawsuit the Oversight Board is a party.**

**By Common Consent, there being no objection (Board Member Powers being absent and Chancellor of California Appointee being vacant), this item was tabled until after the discussion of Agenda Item No. 5.**

**After discussion of Agenda Item No. 5, on motion of Chair Bruckner, by Common Consent (Board Member Powers being absent and Chancellor Appointee being vacant), the Board scheduled a Special Meeting for Wednesday, June 13, 2012 at 8:15 a.m. be held in City Council Chambers to discuss the pending lawsuit and retaining Legal Counsel.**

**Furthermore, on motion of Vice Chair Hidalgo, seconded by Board Member Plotkin, the Oversight Board rescheduled the regular meeting of July 4, 2012 to a Special Meeting on Wednesday, July 11, 2012 at 8:15 a.m. at the City's Council Chambers.**

**Ayes:** 5 - Chair Bruckner, Board Member Cisneros, Board Member Duarte, Board Member Plotkin and Vice Chair Hidalgo

**Absent:** 1 - Board Member Powers

**Vacant:** 1 - Chancellor of California Appointee

#### **IV. RECOMMENDATIONS**

5. Consideration of retaining Legal Counsel services for the Oversight Board. (Continued from the meetings of 4-24-12, 5-2-12 and 6-6-12) (12-1719)

**Michael Huntley, Director of Planning & Community Development, provided the following status report and responded to questions posed by the Oversight Board:**

**On April 24, 2012, the Oversight Board requested Successor Agency (SA) Staff to identify 12 potential firms; Request for Qualifications (RFQ) were sent to all 12 firms. A response was received from five firms. Mr. Huntley reminded the Oversight Board that the SA Staff, along with the Sub-Committee, which was formed at the May 2, 2012 meeting, were directed to interview the top three (3) firms on the list. Interviews were conducted on May 10, 2012 and the Sub-Committee recommended Straddling, Yocum, Carlson and Rauth (SYCR).**

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Mr. Huntley relayed the concern of the SA in regards to obtaining Oversight Board Legal Counsel. The concern is that the DOF is placing the cost of retaining Legal Counsel under the SA's Administrative Budget which includes Oversight Board fees. The Administrative Budget is very limited and the SA does not support placing Legal Fees into the budget. Mr. Huntley added that the Oversight Board is in a predicament due to the pending lawsuit. There may be a possibility that the Legal Fees may be placed on future ROPS as a Line Item.

Matt Gorman, SA Legal Counsel informed the Board that the plaintiff in the litigation allowed 15 days (June 15, 2012 deadline) for a response from the Oversight Board or there would be a default. Chair Bruckner informed the Oversight Board of a conversation he had with Plaintiff's Counsel where Plaintiff's Counsel provided the Oversight Board an extension of 15 days to respond to the Summons from June 1, 2012.

Mr. Mark J. Huebsch potential Legal Counsel to the Oversight Board, from Stradling, Yocca Carlson & Rauth, addressed the Oversight Board and expressed concern on how Legal Counsel for the Oversight Board will be paid. His firm was not willing to enter into a contract with the Oversight Board due to the uncertainty of the law affecting funding for legal fees.

Mr. Gorman suggested that it may be possible for the SA's Legal Counsel to provide Legal Counsel to both the Oversight Board and the SA due to consideration of the Conflict of Interest being waived if both entities mutually agree. He further informed the Oversight Board that this possibility has not been presented to the SA, but it is something the Oversight Board may choose to consider before the Summons extension expires.

After discussion, on motion of Chair Bruckner, by Common Consent (Board Member Powers being absent and Chancellor of California Appointee being vacant), the Oversight Board agreed to table this item for the Special Meeting scheduled on Wednesday, June 13, 2012 at 8:15 a.m. to discuss the following:

- Obtain feedback from County Counsel on how other Oversight Boards engage Legal Counsel
- Response from DOF on whether the Oversight Board is a separate entity
- SA to communication with Stradling, Yocca, Carlson & Rauth firm to explore other options.
- SA to consider with their Legal Counsel, the Conflict of Interest waiver

Attachments: [Staff Report](#)



**V. DISCUSSION ITEMS**

6. Status report on the communications with the California Department of Finance regarding the Successor Agency's Recognized Obligation Payment Schedule (ROPS) for the periods of January 1, 2012 through June 30, 2012 and July 1, 2012 through December 31, 2012. (12-2543)

**Michael Huntley, Director of Planning & Community Development, provided a report to the Oversight Board on the current communication with the DOF in connection with the May 2, 2012 approved ROPS I and ROPS II. Copies of correspondence dated May 8, 2012 and May 18, 2012 between the SA and the DOF were distributed to the Oversight Board members and SA Legal Counsel.**

**Mr. Huntley informed the Oversight Board that the County Auditor dispersed the first installment that was \$500,000 short of the anticipated amount. The County will be providing details on the items that were included in the dispersed payment in the upcoming week. The Successor Agency sent a letter to the DOF on May 24, 2012 addressing the Certificates of Participation, Advances between City and Former RDA, Administrative Fees and the Arbitrage Compliance. The SA is currently working with the DOF for clarification on these items and will provide the Oversight Board members the County's Audit Report in July as well as an updated ROPS reflecting the items that have been approved and items that are pending.**

**By Common Consent, there being no objection (Board Member Powers being absent and Chancellor of California Appointee being vacant), the report was received and filed.**

**Attachments:**    [Staff Report](#)

**7. Report by the Successor Agency on the sufficiency of cash flow. (12-2541)**

**Francesca Tucker-Schuyler, Director of Finance, provided the SA draft cash flow report and explained that the summary totals on the cash flow report reflected a positive position. The beginning cash balance includes bond proceeds that are pending further direction from the County; if the bond proceeds are removed, the position will be negative. The SA did receive \$3.5 Million to meet the obligations for the period of July to December 2012, short of the \$500,000 that the SA is trying to resolve. The South Industrial Project was in a negative cash flow prior to the Redevelopment Agency's dissolution. The County's pending detail of disbursement will indicate where the SA is deficient. There are no bond proceeds or Public Works Projects committed to future ROPS payments and the deficient South Industrial Project is a stand-alone project and is accounted for at a roll-up level.**

**The cash flow shows no tax increment payment prior to the two required periods.**

**Mr. Huntley further added that this item may be on a future ROPS as an obligation, dependent on the Federal Government's decision regarding the Home and Community Development and Block Grant Program (CDBG).**

**By Common Consent, there being no objection (Board Member Powers being absent and Chancellor of California Appointee being vacant), the report was received and filed.**

**Attachments:**    [Supporting Document](#)



**VI. UPCOMING ITEMS**

8. Recommendation: Request the Successor Agency to provide documentation of all encumbered and unencumbered Low and Moderate Housing Funds. (Continued from the meetings of 4-24-12 and 5-2-12) (12-1715)

**Michael A. Huntley, Director of Planning & Community Development, requested this item be continued to the next meeting for the SA to provide further documentation.**

**By Common Consent, there being no objection (Board Member Powers being absent and Chancellor of California Appointee being vacant), this item was continued to Wednesday, July 11, 2012.**

9. Recommendation: Direct Successor Agency to remit unencumbered fund balances to the Los Angeles County Auditor-Controller for distribution to the taxing entities, including the unencumbered balances of Low and Moderate Income Housing Funds. (Continued from the meetings of 4-24-12 and 5-2-12) (12-1718)

**Michael A. Huntley, Director of Planning & Community Development, requested this item be continued to the next meeting for the Successor Agency to provide further documentation.**

**By Common Consent, there being no objection (Board Member Powers being absent and Chancellor of California Appointee being vacant), this item was continued to Wednesday, July 11, 2012.**

10. Review of Successor Agency Property Assets. (12-2545)

**Michael A. Huntley, Director of Planning & Community Development, requested this item be continued to the next meeting to allow for the SA to provide further documentation.**

**By Common Consent, there being no objection (Board Member Powers being absent and Chancellor of California Appointee being vacant), this item was continued to Wednesday, July 11, 2012.**

**VII. MISCELLANEOUS**

11. Matters not on the posted agenda (to be presented and placed on the agenda of a future meeting). (12-2520)

**There were no matters to be presented on a future meeting.**

12. Public Comment. (12-2521)

**Ms. Anna Arriola addressed the Oversight Board on Agenda Item Nos. 6, 8, and 10.**

**Mr. Norm Witt addressed the Oversight Board on Agenda Item No. 7.**

13. Adjournment. (12-2522)

**The meeting adjourned at 10:02 a.m. The following meetings have been scheduled:**

- A Special Meeting, Wednesday June 13, 2012 at 8:15 a.m.**
- Rescheduled Regular Meeting, Wednesday, July 11, 2012 at 8:15 a.m.**